Calendar No. 57

101ST CONGRESS *1st Session*	SENATE	REPORT 101-23

LOCAL RAIL SERVICE ASSISTANCE REAUTHORIZATION ACT OF 1989

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 255

MAY 12 (legislative day, JANUARY 3), 1989.—Ordered to be printed

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MAY 12 (legislative day, JANUARY 3), 1989.—Ordered to be printed

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Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 255]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 255) to authorize appropriations for the Local Rail Service Assistance Program, having considered the same, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF THE BILL

The bill, as reported, would reauthorize funding for the Local Rail Service Assistance Program [LRSA] for 3 years, in the sum of $10 million for fiscal year 1989, $25 million for fiscal year 1990, and $25 million for fiscal year 1991. The bill also would modify the Department of Transportation Act by lowering the Federal share of the cost of Rail Service Assistance from 70 percent to 60 percent.

BACKGROUND AND NEEDS

LRSA was established by the Regional Rail Reorganization Act of 1973 and originally was designed to provide financial support to the States for the continuation of rail freight service on light density rail lines excluded from the Conrail system. The intent was to reduce hardships expected to be faced by shippers and local communities in the Northeast upon the abandonment of thousands of miles of railroad. The Railroad Revitalization and Regulatory Reform Act of 1976 expanded the program to include all States. The Local Rail Service Assistance Act of 1978 amended the program to provide capital assistance for rehabilitation and improve-

ments before, rather than after, abandonment. In 1981, the Northeast Rail Service Act [NERSA] further amended the program to exclude the use of funds for operating subsidies.

NERSA authorized $40 million for fiscal year 1982, $44 million for fiscal year 1983, and $48 million for fiscal year 1984. The Consolidated Omnibus Budget Reconciliation Act of 1985 authorized $12 million for fiscal year 1986, $10 million for fiscal year 1987, and $8 million for fiscal year 1988, and allowed for the carryover of some unexpended funds through fiscal year 1988, when phase-out of the program was expected. Amounts appropriated for LRSA have decreased steadily in recent years, from $40 million in fiscal year 1981 to $10 million in fiscal year 1987 and $9.6 million in fiscal year 1988.

Under the present LRSA program, funds may be used for acquisition of rail lines which have received ICC abandonment authorization; rehabilitation of light density rail freight lines; and rail facility construction, including new connections and intermodal terminals with respect to light density lines. The Federal share of the costs of rail service assistance currently is limited to 70 percent. Non-Federal matching shares may be provided in cash, property, trackage rights, forgiveness of taxes, or State employee salaries.

The Federal Railroad Administration [FRA], within the Department of Transportation, administers the LRSA program. Funding under LRSA is available on an entitlement and discretionary basis. Entitlement funding may be used by States for planning or project purposes. Until fiscal year 1987, entitlement was based on a statutory rail mileage formula. Congress eliminated the formula for fiscal year 1987 and fiscal year 1988 and appropriated entitlements of $50,000 for fiscal year 1987 and $48,000 for fiscal year 1988 for each of the 50 States. Discretionary funds may be used for project purposes only. The FRA is obligated to consider a number of statutory criteria in allocating discretionary funding. However, all of the fiscal year 1988 discretionary funds were earmarked for specific projects in 13 States.

Although LRSA already has helped to revitalize many miles of light density rail lines, the Committee recognizes that the financial support provided by this program is still needed. The Committee believes that while LRSA projects must be sufficiently viable to attract non-Federal financial support, many of these projects would not be able to advance without some Federal funding. The economic benefits of these LRSA projects to communities, shippers, farmers, and others warrant continuation of this program.

Legislative History

On January 25, 1989, Senator Harkin introduced S. 255, the Local Rail Service Assistance Reauthorization Act of 1989. This bill is cosponsored by Senators Exon, Pressler, Burdick, Cochran, Rockefeller, Simon, Bumpers, Grassley, D'Amato, Daschle, Conrad, Pryor, and Baucus.

The Surface Transportation Subcommittee held a hearing on April 6, 1989, on reauthorization of LRSA. During the hearing chaired by Senator Exon the subcommittee heard testimony on the need to continue the LRSA program, on the effectiveness of the

present program and on S. 255. Witnesses who testified at the hearing included Senators Harkin, Kassebaum and D'Amato, a representative of the FRA, a representative of the American Association of State Highway and Transportation Officials, and a panel representing regional and shortline railroads.

On April 18, 1988, the Committee met in open executive session to consider S. 255. This measure was ordered reported, without objection.

Summary of Major Provisions

This legislation seeks to reauthorize the LRSA program at levels sufficient to provide modest financial assistance to all States in order to minimize the adverse effects of rail abandonments and address the critical rehabilitation needs of light density rail freight lines and facilities. This bill does not reflect the Administration's position to oppose reauthorizing LRSA funding beyond $10 million for fiscal year 1989.

As reported, S. 255 would: (1) reauthorize funding for LRSA in the sum of $10 million for fiscal year 1989, $25 million for fiscal year 1990, and $25 million for fiscal year 1991; and (2) reduce to 60 percent the amount of the Federal share of the costs of any rail service assistance program from the present level of 70 percent. The State/non-Federal share of the costs may be provided in cash, property, trackage rights, forgiveness of taxes, or State employee salaries.

Estimated Costs

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S Congress,
Congressional Budget Office,
Washington, DC, April 21, 1989.

Hon. Ernest F. Hollings,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for S. 255, the Local Rail Service Assistance Reauthorization Act of 1989.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Robert D. Reischauer,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 255.

2. Bill title: Local Rail Service Assistance Reauthorization Act of 1989.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science and Transportation, April 18, 1989.

4. Bill purpose: S. 255 would authorize the appropriation of $10 million for fiscal year 1989, and $25 million for each of the fiscal years 1990 and 1991 for the local rail service assistance program. This program has received no appropriation for fiscal year 1989. The bill would also reduce the Federal share of the cost of State programs from 70 percent to 60 percent.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993	1994
Authorization level	10	25	25			
Estimated outlays	2	16	22	15	5	

The costs of this bill fall within budget function 400.

Basis of estimate: The CBO assumed that the full amount authorized for the current fiscal year would be provided in a supplemental appropriation, and that the amounts authorized for the next two years would be appropriated prior to the start of those years. Outlay estimates are based on historical spending patterns.

6. Estimated cost to State and local governments: S. 255 would reduce the Federal matching rate for this program to 60 percent.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Marjorie Miller.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

NUMBER OF PERSONS COVERED

This legislation provides an authorization of appropriations for fiscal year 1989, 1990, and 1991 to enable FRA to continue to provide grant assistance to States for rail planning and for support of service on rail branchlines. Given the nature of a grant program it is difficult to gauge the number of shippers, communities, and/or persons who potentially would benefit from this assistance. However, as this legislation is simply reauthorizing an existing program, the number of persons covered should be consistent with current levels.

ECONOMIC IMPACT

Section 2 of this bill authorizes appropriations of $10 million for fiscal year 1989, $25 million for fiscal year 1990, and $25 million for fiscal year 1991 for LRSA. These funding levels are not expected to have an inflationary impact on the nation's economy.

Section 3, which reduces the amount of the Federal matching share of the costs of any rail service assistance program, will increase the cost efficiency of Federal funds.

PRIVACY

This legislation will not have any adverse impact on the personal privacy of the individuals affected.

PAPERWORK

This legislation reauthorizes an existing FRA program. Therefore, there should be no change in the paperwork requirement.

SECTION-BY-SECTION ANALYSIS

Section 1.—Short title

This section provides that the legislation is to be entitled the "Local Rail Service Assistance Reauthorization Act of 1989".

Section 2.—Authorization for appropriations

This section amends subsection (q) of section 5 of the Department of Transportation Act to authorize $10 million for the fiscal year ending September, 1989, $25 million for the fiscal year ending September, 1990, and $15 million for the fiscal year ending September, 1991.

This section recognizes that an elimination of funding for LRSA beyond fiscal year 1989, as proposed by the Administration, in all likelihood would mean the end of the Federal financial role in rehabilitation of America's railroads. The Committee believes that limited LRSA funding, given current budget constraints, continues to be an appropriate investment in our Nation's infrastructure.

Section 3.—Federal share of costs

This section amends section 5(g) of the Department of Transportation Act by reducing the amount of the Federal share of the costs of any rail service assistance program to 60 percent. The previous Federal share had been 70 percent.

The Committee views this as a way to achieve more from the limited Federal funding and to encourage further, by the increased matching share requirements, the projects supported by LRSA are proven in advance to be viable and of significant economic benefit.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

THE DEPARTMENT OF TRANSPORTATION ACT

Section 5 of that Act

RAIL SERVICES

SEC. 5. (a) * * *

(b) through (f) * * *

(g) The Federal share of the costs of any rail service assistance program shall be [70 per centum] *60 per centum.* The State share

of the costs may be provided in cash or through any of the following benefits, to the extent that such benefits would not otherwise be provided: (1) forgiveness of taxes imposed on a common carrier by railroad or on its properties; (2) the provision by the State or by any person or entity on behalf of such State, for use in its rail service assistance program, of real property or tangible personal property of the kind necessary for the safe and efficient operation of rail freight service; (3) trackage rights secured by the State for a common carrier by railroad; or (4) the cash equivalent of State salaries for State public employees working in the State rail service assistance program, but not including overhead and general administrative costs. If a State, or any person or entity on behalf of a State provides more than such State's percentage share of the cost of its rail service assistance program during any fiscal year, the amount in excess of such share shall be applied toward such State's share of the costs of its program for subsequent fiscal years.

(h) through (p) * * *

(q) There are authorized to be appropriated to the Secretary for the purposes of subsections (f) through (p) of this section not to exceed $360,000,000, of which $40,000,000 shall be made available for the fiscal year ending September 30, 1982, $44,000,000 shall be made available for the fiscal year ending September 30, 1983 and $48,000,000 shall be made available for the fiscal year ending September 30, 1984. Of the funds authorized to be appropriated under this subsection, there are authorized to be appropriated not to exceed $12,000,000 for the fiscal year ending September 30, 1986, not to exceed $10,000,000 for the fiscal year ending September 30, 1987, [and] not to exceed $8,000,000 for the fiscal year ending September 30, 1988[.], *not to exceed $10,000,000 for the fiscal year ending September 30, 1989, not to exceed $25,000,000 for the fiscal year ending September 30, 1990, and not to exceed $25,000,000 for the fiscal year ending September 30, 1991.* In addition, any appropriated sums remaining after the repeal of section 402 of the Regional Rail Reorganization Act of 1973 and of section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 are authorized to remain available to the Secretary for purposes of subsections (f) through (p) of this section. Such sums as are appropriated are authorized to remain available until expended. No funds are authorized to be appropriated under this subsection for any period after September 30, [1988] *1991.*

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